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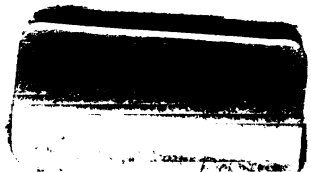


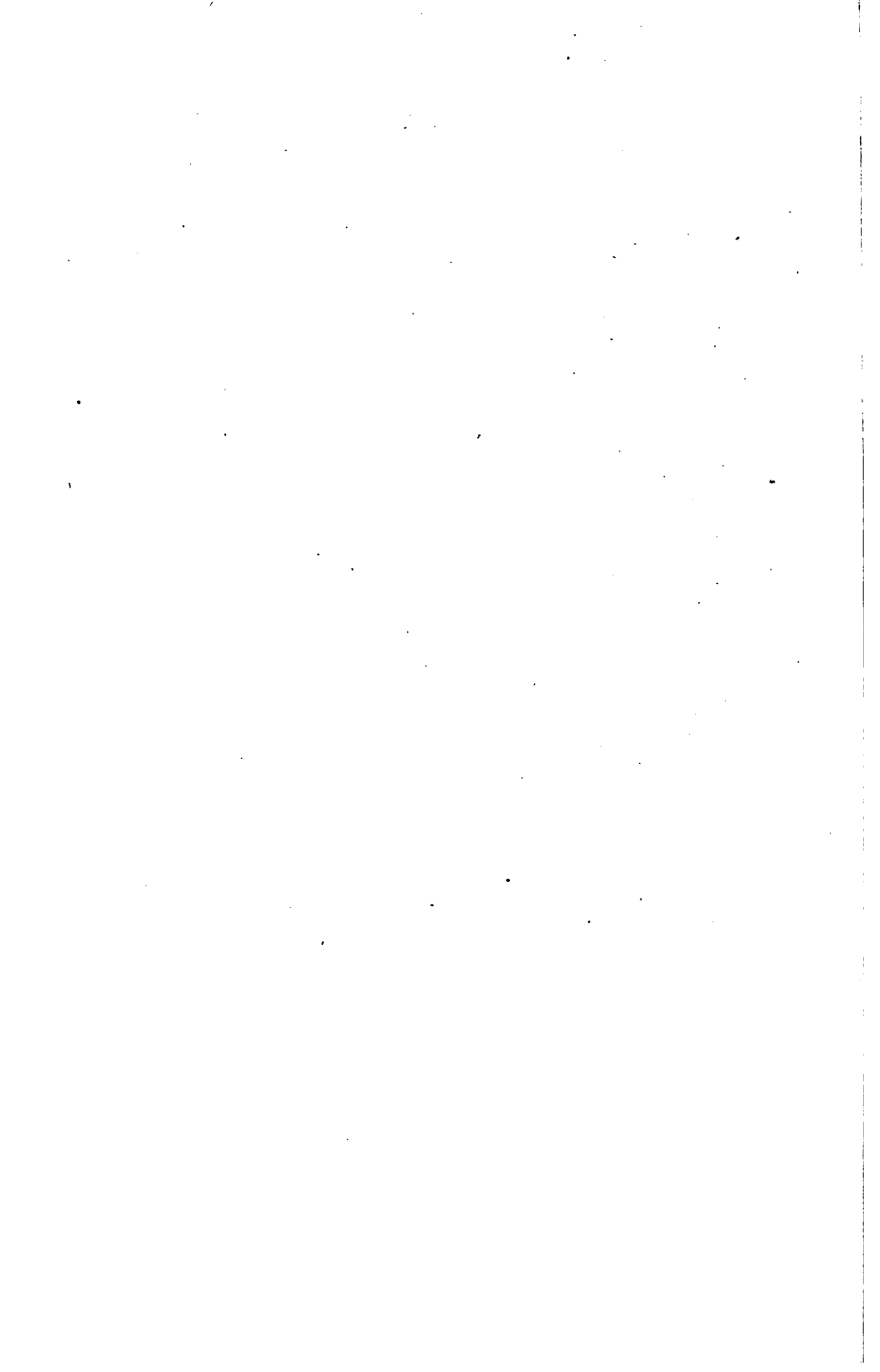
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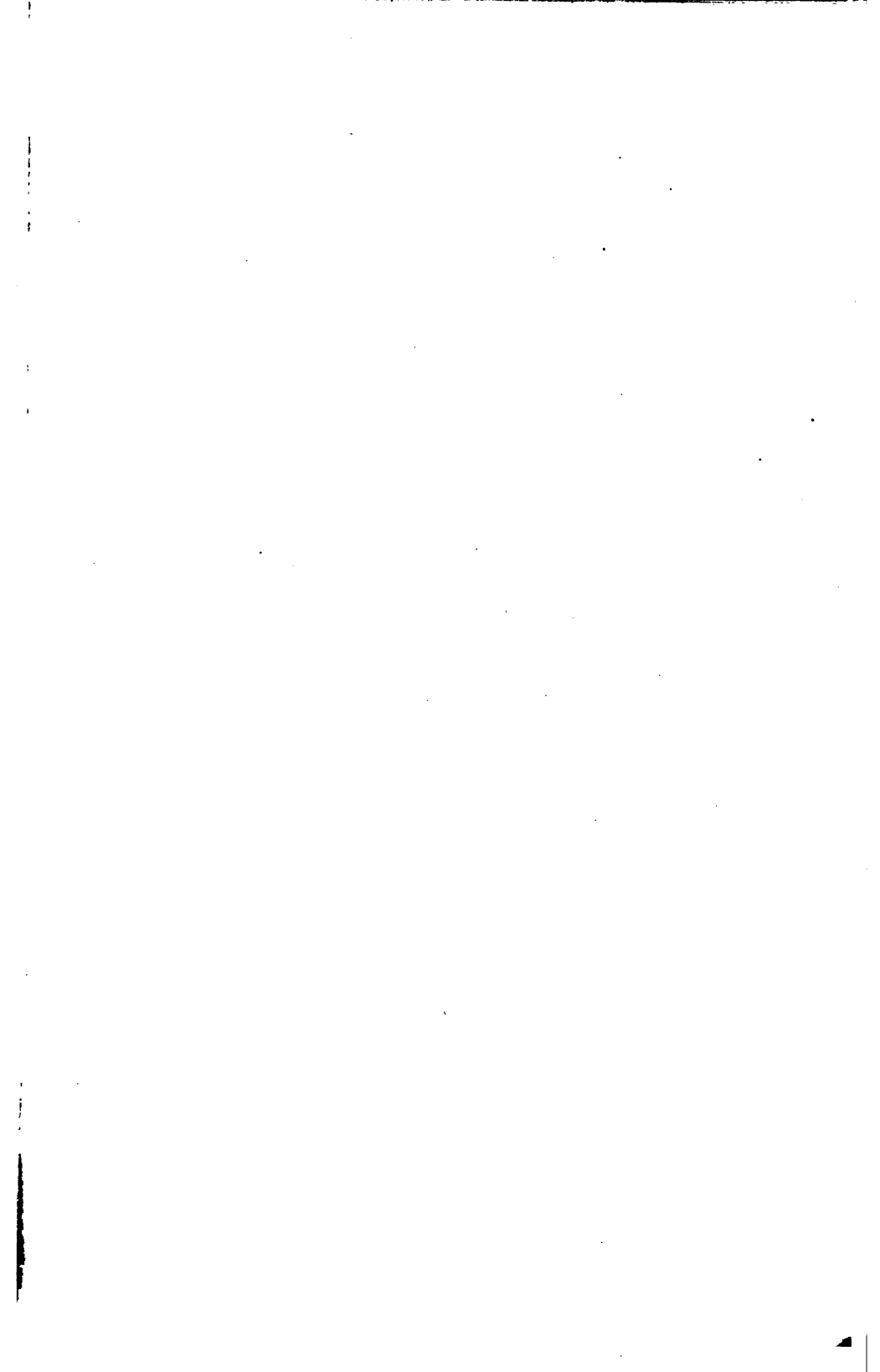
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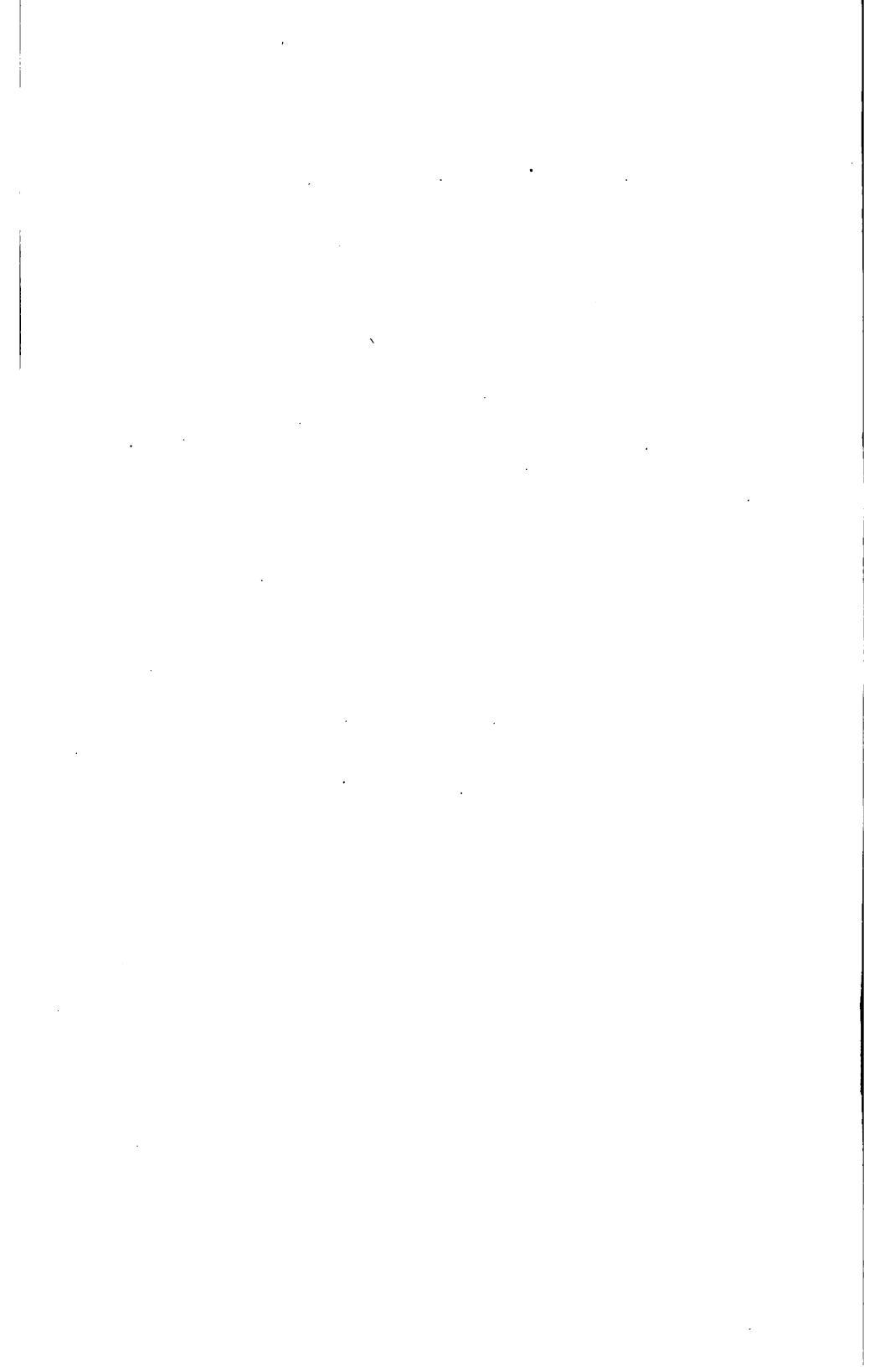
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THE
NEW TENDENCIES
OF
POLITICAL ECONOMY,

BY
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Professor of Political Economy at the University of Lidge, Belgium.

TRANSLATED FROM THE "REVUE DES DEUX MONDES"
FOR THE "BANKER'S MAGAZINE,"

BY
GEORGE WALKER:

WITH AN
APPENDIX CONTAINING THE REMARKS OF M. DE LAVELEYE AT
THE ADAM SMITH CENTENARY IN LONDON.



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TRANSLATOR'S PREFACE.

The recent publication of an American translation of Roscher's *Principles of Political Economy* reminded me of Professor de Laveleye's very instructive article on the *New Tendencies of Political Economy and of Socialism*, which appeared in the *Revue des Deux Mondes*, of July 15, 1876. I had often thought of publishing a translation of this article, but the time did not seem to me to have arrived for awakening a proper interest in the subject in this country. The course which public discussions have taken within the last year, however, and notably the resumption of specie payments, have brought financial and economical questions to the front, and give promise of a more intelligent consideration of them than at any recent period. Coincident with this is the revival of the protectionist and free-trade war in Europe, a war which has been actively begun in Germany, Austria, France and Italy, and the mutterings of which have not been unheard even in Great Britain. The distressed condition of trade in all of these countries and the new political systems which are being consolidated in Germany, France, and Italy, have made the discussion of economic principles and of systems of fiscal administration more general and more vital than perhaps ever before. Indissolubly mixed up with them is the social question in its various aspects. As M. de Laveleye justly observes, in both of the papers now first offered to American readers, political economy seems to have passed through its first stage—that which gives instruction as to the accumulation of national wealth—and to have reached the far more important question of its distribution among the several classes which participate in creating it. The respective claims of capital and labor present to-day the most difficult and anxious social problem. Political economy concerns itself with this problem, both because it calls in question the soundness of its past conclusions respecting the creation of wealth, and because it lies at the very bottom of its future conclusions as to an equitable distribution.

The "orthodox" political economy, as it is styled by M. de Laveleye, means the doctrines of the Manchester school of free traders, as generally held in England for the last quarter of a century; doctrines which are as firmly established at Oxford and Cambridge and in the House of Commons, as in Yorkshire or Lancashire. There have been some dissenters, however, like Cliffe Leslie and Thornton, who have called down the scoffings, if not the anathemas, of the orthodox camp. Thus, Professor Rogers says, in his article in the January *Princeton*, "It is probable that there is no subject on which English people are practically more united than on this, for they do not trouble themselves to argue with a few people who are trying to raise an exploded practice under the new name of reciprocity. They are very tolerant of what they think is folly, but do not think it strong enough to be mischievous." This is very likely, but when we find such men as Leonard Courtney boldly advocating an export duty on coal, or the still more stringent measure of a duty at the pit's mouth, "the intention and justification" of which would be "to put all English industries under restraint," to put "a drag on industrial progress," because it would be a drag on the "multiplication of the population," and "that the dangerous expansion of national industry should be kept under," we begin to suspect that all is not harmony in the free-trade camp.

The dogmatism of the Manchester school met, also, with a sharp rebuff in the address delivered by Professor Ingram, of Edinburgh, before the British Association at its last annual meeting. Professor Bonamy Price, of Oxford, followed in the same vein in his paper read before the Social Science Association at a still later

date. Both these economists are, we believe, free traders; but they warn English men that the conclusions of economic science are always subject to be reconsidered, perhaps to be reversed. If this dangerous heresy should gain ground what becomes of the doctrine of "natural laws," to which man is supposed to be inexorably bound as the planets to the solar system?

The papers now translated do not present an issue against free trade. On the contrary, Professor de Laveleye is a free trader, and Belgium is the most advanced of all free-trade countries. But his economic and social philosophy is utterly at variance with those of the Manchester school. Nothing could be wider apart than Robert Lowe and M. de Laveleye. One believes that man is an atom in the great family of mankind, too obscure and unimportant to be taken into the account in settling the question of the well-being of the race. The other holds that man is not a mere money-getting machine, nor is the selfish gratification of his appetites his moving impulse. That he is, on the contrary, "a moral being, who recognizes the obligations of duty, and under the teachings of religion or of philosophy, often sacrifices his enjoyments, his well-being, or his life even, to his country, to humanity, to truth, to God. In different countries, at different epochs, men obey different motives, because they have formed peculiar conceptions of well-being, of law, of morality, and of justice."

The doctrines of the historical school in political economy lead to no partisanship whatever. They are held equally by free traders and by protectionists in Europe. The underlying *motive* of their system is the right of individual and of national judgment to determine upon a given state of facts, what policy, in respect of production and exchange, it is wise to pursue *here and now* . It treats political economy as a science, not of pure principles, but of applied principles, and this alone makes possible a progressive fiscal policy, moulding itself according to the traditions, the usages, the aspirations, and the actual condition of a free people. This is eminently the economic system suited to the wants of the American people. It deals with the past without contumely, and it welcomes the future without prejudice.

No man who looks at the history of past American legislation on the subject of the tariff, in a calm and philosophic spirit, can fail to admit that it is full of ignorance, of vacillation and of mistakes. We might have been abreast of England in opening our markets freely to the world, if our tariff policy had been consistent and progressive. If the English House of Commons has legislated for *mankind* rather than for *man* , the American Congress has legislated for *man* rather than for mankind. In other words, the Committee of Ways and Means has always been the center of personal and individual and local interests, instead of consulting and representing the average interests of American citizens—occupying a great continent with different productions and different wants. I do not say that the harmonizing of those interests is not at all times difficult, but it does seem to me that if the fiscal policy of the country were put beyond the pale of party, as completely as has been done in Great Britain since the repeal of the Corn Laws, a system might be eliminated which should respect traditions, conciliate labor and make rapid strides in the direction of commercial freedom. In this as in most public questions the truth lies between the extremes—" *Medio tutissimus ibis* ."

GEORGE WALKER.



THE NEW TENDENCIES OF POLITICAL ECONOMY.*

[TRANSLATED FROM THE REVUE DES DEUX MONDES BY GEORGE WALKER.]

The Political Economy which I should describe as orthodox, that is to say, the science as it had been understood and expounded by its fathers, Adam Smith and J. B. Say, and by their disciples, has seemed to be definitively settled. Like the Church of Rome, it had its *credo*. Certain truths appeared to be so firmly established, so irrefragably demonstrated, that they were accepted as dogmas. Those who doubted them were regarded as heretics, whose ignorance alone explained their vagaries. No doubt these truths had not been formulated without meeting with vigorous opposition. From the beginning, and down to our own time, they have been attacked by certain religious writers, who have charged them with materialism and immorality, and by different socialistic sects, who have reproached them with sacrificing relentlessly the rights of the disinherited classes to the privileges of the rich; but the economists have had little difficulty in defending themselves against these classes of adversaries, who have been governed chiefly by sentiment, and have had no just apprehension of the questions which they ventured to discuss.

At the present day, however, the dogmas of political economy are meeting with far more formidable antagonists. In Germany they are found among the professors of political economy themselves, who, for this reason, have been denominated *Katheders Sozialisten*, or, "Socialists of the chair." In England they are those economists who have given the most attention to the study of history and of law, and who best understand the facts established by observation and by statistics; such as Mr. Cliffe Leslie, and Mr. Thornton; in Italy they constitute a whole group of distinguished writers, Luzzati, Forti, Lampertico, Cusmano, A. Morelli, who have given expression to their ideas in a Congress assembled last year at Milan, and who have for their organ the "*Giornale degli Economisti*." In Denmark there is the excellent economical repertory published by Messrs. Fredericksen, V. Falbe, Hansen, and Wil. Scharling. It cannot be doubted, therefore, that there is, in the present instance, a scientific revolution going on of a very serious character, which calls for an attentive examination. We shall endeavor first, to point out the origin and character of these new tendencies of political economy; and afterwards, to con-

* *Les Tendances nouvelles de L'Economie Politique et du Socialisme. Revue des Deux Mondes.* [July, 1875.] By EMILE DE LAVELEYE.

sider carefully the writings of some of the authors who best represent the different shades of the movement, as well as those of the Socialists whom it is their mission to combat.

I.

The new political economy takes a different view from the old, of the fundamental principles, the methods, the mission, and the conclusions of the science. The starting point of the Socialists of the chair, is entirely different from that of the orthodox economists, whom they designate under the name of *Manchester-thum*, or sect of Manchester; because it is, in fact, the school of the free traders, which has expounded most logically, the dogmas of the ancient *credo*. Let us see how the new economists themselves indicate the points which separate them from the generally received doctrines.*

Adam Smith, and more especially, his successors, such as Ricardo, McCulloch, J. B. Say, and all the so-called English school, followed the deductive method. They started out with certain ideas respecting man and nature, and thence deduced certain consequences. Rossi characterizes this method clearly when he says that "political economy, regarded from a general stand-point, is rather a science of reason than of observation. It has for its object a thorough knowledge of the relations which proceed from the nature of things. . . . It seeks for laws, by taking its stand on the general and constant facts of human nature." In this system, man is considered as a being who everywhere and always pursues his private interest; under the impulse of this motive, good in itself (since it is the principle of his preservation), he searches after that which is useful to him, and no one is able to discover it better than himself. If, therefore, he is free to act as he pleases, he will, in the end, procure for himself all the satisfactions which it is given to him to attain. Down to the present time, the State has always put restraints upon the full expansion of economic forces; do away with these restraints and as all men will apply themselves freely to the pursuit of their well-being, the true order will establish itself in the universe. Competition, general and unrestricted enables every individual to reach the place which is best suited to him, and to reap the just reward of his labors. As Montesquieu has observed, "it is competition which puts a just price on merchandise." It is the infallible regulator of the industrial world. It is like a providential law, which, in the highly complicated relations of mankind united by the bonds of society, causes order and justice to be enthroned. If the State will only abstain from all interference with human transactions, and accord entire freedom to property, to capital, to labor, to exchanges, to vocations, the production of

* We shall follow in this connection principally the writings of Adolph Held, Gustav Schönberg, Gustav Schmoller, Contzen, Wagner, and L. Luzzati.

wealth will be carried to its highest point, and the general well-being will thus become as great as possible. The legislator has no occasion to occupy himself with the distribution of wealth; it will be made conformably to natural laws and to contracts freely entered into.

A phrase of Gournay, enunciated in the last century, embodies the whole doctrine: *laissez faire, laissez passer*. Under this theory, the problems which have relation to the government of societies, were found to be greatly simplified. The statesman has only to fold his arms. The world goes on of itself towards its end. It is [the optimism of Leibniz, and of Hegel,] transferred to the domain of politics.

[Resting on these philosophic doctrines, the economists enunciated certain general principles applicable in all times, and to all peoples, because of their absolute verity.] The orthodox political economy was essentially cosmopolitan. It took no account of the division of mankind into separate nations; nor of the different interests which might result therefrom any more than it concerned itself with the necessities, or the particular conditions resulting from the history of different States. [It regarded only the good of mankind considered as a single great family,] precisely as does every abstract science, and every universal religion, Christianity most of all.

Having thus set forth the old doctrine, the new economists proceed to criticise it as follows: They accuse it of seeing things from only one side. They admit that man pursues his own interest, but they assert that more than one motive acts upon his moral nature, and regulates his conduct. Apart from self-interest, there is the sentiment of collectivity, the *gemein sinn*, the social instinct, which manifests itself in the formation of the family, of the community, and of the State. Man is not like the lower animals, which know nothing beyond the satisfaction of their appetites; he is a moral being, who recognizes the obligations of duty, and under the teachings of religion or of philosophy, often sacrifices his enjoyments, his well-being, and his life even, to his country, to humanity, to truth, to God. It is a mistake, therefore, to predicate a series of deductions upon the aphorism that man acts only under the control of a single motive—individual interest. Those “general and constant facts of human nature,” from which Rossi would have us deduce economic laws, are only a conception of the imagination. In different countries, at different epochs, men obey different motives, because they have formed peculiar conceptions of well-being, of law, of morality, and of justice. The savage procures his subsistence by chasing and if need be, devouring, those of his own kind: the citizen of antiquity by reducing them to slavery, in order to live on the fruits of their labor; the man of modern times by paying them wages.

[Mankind having, according to their several conditions of

civilization, different wants, different motives, different methods of producing, of distributing, and of consuming wealth, it follows thence that economic problems do not admit of those general and *a priori* solutions, which are usually demanded of the science, and which it has too often ventured to supply. We ought always to examine the question relatively to a given country, and in so doing to seek the aid of statistics and of history. Hence arises the historical or *Realistic* method, as it is denominated by the Socialists of the chair, that is to say, the method founded on facts.*]

According to the Socialists of the chair, it is also a mistake to maintain, as Bastiat has done in his *Harmonies Economiques*, that general order results from the free play of individual selfishness, and that consequently it is only necessary to remove all hindrances in order that each person shall attain to the well-being to which his efforts entitle him. But selfishness leads men to wickedness and to spoliation; it is necessary, therefore, to restrain it and not to give it free play; this is, in the first place, the proper mission of morality, and afterwards, the mission of the State, as the organ of justice. Without doubt, if men were perfect and desired only good, liberty would suffice to insure the reign of order; but constituted as they are, unrestrained interests result in antagonism, and not in harmony. The employer desires to reduce wages, the workman to raise them. The landowner is constantly endeavoring to advance rent, the farmer to reduce it. Everywhere the strongest and the most capable triumphs, and in the conflict of opposing interests, no one troubles himself about the teachings of morality or of justice.

It is in England, especially, where all restraints have been abolished, and where the most perfect freedom of industry prevails, that the war of classes, the antagonism of masters and workmen presents itself in the most determined way, and under aspects the most alarming. It is in that country, also,—the country, par excellence, of *laissez faire*—that, for a considerable time past, the interference of Government has been most frequently invoked, to repress the abuses of the strong and to protect the weak. After having disarmed power, they are daily conferring upon it new privileges. Is not this a proof that the economic doctrine of absolute freedom does not afford a complete solution of the questions at issue?

The new economists do not profess that horror of the State which led their predecessors to declare sometimes that the State was a canker and sometimes that it was a necessary evil. To them, on the contrary, the State, which

* Although in France no new economic school has been established, as in Germany, in England and in Italy, many writers are pursuing the historical or *realistic* method with a confidence of learning and a richness of information which are nowhere else surpassed. It will suffice us to mention MM. Léonce de Lavergne, L. Reybaud, Wolowski, Victor Bonnet, and Paul Leroy-Beaulieu.

represents the unity of the nation, is the supreme organ of law and the instrument of justice. Being itself the emanation of the vital forces and of the intellectual aspirations of a country, it is charged with the duty of fostering the development of these in all directions. As history proves, it is the most powerful agent of civilization and of progress. The liberty of the individual ought to be respected and even stimulated, but it should remain in subjection to the rules of morality and of justice, and those rules, which become more and more strict in proportion as the ideas of goodness and justice become more pure, should be made obligatory by the State.

Freedom of industry is, doubtless, an excellent thing. Free exchange, freedom of labor and of contracts have contributed very greatly to increase the production of wealth. It is necessary, therefore, to strike off from liberty all fetters, if any still exist; but it is the duty of the State to interpose whenever the evidences of individual interest appear to conflict with the humane mission of political economy, by the oppression and degradation of the lower classes. Thus it is, that the State has a double duty to perform: first, to maintain liberty in the limits marked out for it by morality and law; next, to lend its support in every case where the object in view (which is social progress) can be better attained in this way than by individual effort. Cases in point are the improvement of harbors, the opening of ways of communication, the fostering of education, of the sciences, of the arts, or of any other object of general utility. The interference of the State ought not always to be withheld, as the economists *d'outrance* desire, nor always invoked, as the Socialists, on the other hand, demand; each case should be examined by itself, taking into account the wants to be satisfied and the ability of private enterprise to meet them. But it is a mistake to suppose that the duty of the State grows less important as civilization advances; that duty is by no means the same at the present day as under the patriarchal or despotic systems of government. The functions of the State are constantly growing larger wherever new paths are opened to human activity and in proportion as the appreciation of what is lawful and of what is unlawful grows purer. The same doctrine has been also propounded in France, with much force, by M. Dupont-White in his book on the *Individual and the State*.

The Socialists of the chair also accuse the orthodox economists of being too exclusively occupied with questions relating to the production of wealth, and with neglecting those which concern its distribution and consumption. They allege that the economists have treated man merely as a producing agent, without giving due consideration to his destiny and his obligations as a moral and intelligent being. In their

view, owing to the marvelous results of science applied to industry, the latter might even now furnish a sufficiency of products, if all the labor were usefully employed and if so many human efforts were not frittered away in the procuring of false, if not vicious, indulgences.

The great problem of our times is what is called the social question; that is to say, the question of distribution. The working classes seek to better their condition and to obtain a larger share of the goods which are produced by the joint action of capital and labor. Within what limits and under what conditions is this possible? This is the question. In presence of the dangers which disturb and threaten the social body, three systems present themselves: that which advocates a return to the past, and the reestablishment of the old order of things—socialism, which looks to a radical change in the social order—and finally, the orthodox political economy, which holds that everything will find its solution in liberty and in the action of natural laws. According to the Socialists of the chair, no one of these three systems is capable of solving all the difficulties which agitate our times. A return to the past is impossible; a general and hasty remodeling of society is no less so; and to invoke the action of liberty is only a mockery of words, since the question at issue is one of law, of the civil code, and of social organization. The distribution of products is made not only in virtue of contracts, which ought evidently to be free, but still more in accordance with civil laws and with moral sentiments, the influence of which must be understood and the justice of which must be determined. Economic problems cannot be justly considered apart from other things; they are allied intimately with psychology, with religion, with morality, with law, with customs, with history. Account should, therefore, be taken of all these elements, and we should not rest contented with the uniform and superficial formula of *laissez faire*. The antagonism of classes, which has always been at the bottom of political revolutions, is reappearing at the present day with aspects more formidable than ever before. It seems to put in peril the future of civilization. We cannot deny the evil; but it becomes us, rather, to study it in all its phases, and to endeavor to find a remedy for it in progressive and rational reforms. The sources of inspiration must be sought in morality, in the sentiment of justice, and in Christian charity.

In short, the elder economists, starting from certain abstract principles, endeavored, by the deductive method, to arrive at conclusions well settled and universally applicable. The Socialists of the chair, on the other hand, taking as their basis a knowledge of past and present facts, draw from them, by the inductive and historical method, certain conclusions which are only relatively true and are modified by the state

of society to which they are applied. The one party considers that the natural order, which presides over physical phenomena, ought also to govern human societies, and maintain that, if all artificial fetters were removed, there would result from the free play of inclinations a harmony of interests, and from the complete enfranchisement of individuals a better social organization and a greater measure of general well-being. The other party, on the contrary, maintains that the same law holds good in the domain of human economy which prevails among animals, namely, that in the struggle for existence and the conflict of selfishness, the strong are certain to crush out, or at least to take advantage of, the weak, unless the State, which is the organ of justice, comes in to award to each one the return to which he is legitimately entitled. They also hold that the State ought to contribute directly to the progress of civilization. So far, in short, from admitting, with the orthodox economists, that uncontrolled liberty is sufficient to put an end to social conflicts, they maintain that progressive reforms and ameliorations, inspired by sentiments of justice, are indispensable to society, if it hopes to escape civil discord and the despotism which is certain to follow in its train.

The new school of economists has made the greatest progress in Germany, the reason being that political economy is there ranked among the departmental sciences, (*sciences camérales*) that is to say, sciences which pertain to Government. They have never, therefore, treated it as an independent subject governed by special laws. Even the orthodox disciples of the English school, like Rau, have never failed to recognize the close bonds which unite it with other social sciences, notably with politics; and they have habitually resorted to facts in support of their positions. Ever since the principles of Adam Smith and his followers began to take root in Germany, they have met with objectors like Professor Lueder and Count von Soden, who maintained that the increase of wealth was not the only thing to be considered, but the general progress of civilization. Subsequently to these authors have arisen List, Stein, Roscher, Knies, Hilbrand, and at the present day their name is legion: Nasse, Schmoller, Held, Contzen, Schäffle, Wagner, Schönberg, G. Hirth, V. Böhmert, Brentano, Cohn, Von Scheel, Samter.

II.

Let us now endeavor to sift out what there is of good in the views of the new school. In the first place, it is clear that we have not yet arrived at the point of determining accurately the fundamental principle, the characteristics and the limitations of political economy, nor its relations to other sciences of the same order. "Though we may blush for the science," said M. Rossi, "the economist must, nevertheless,



avow, that the first question to be examined is still this: What is political economy, what are its objects, its extent, its limitations?" This observation is well founded; even in the *Dictionnaire d'Economie Politique*, the writer on whom devolved the duty of exactly defining it, M. C. Coquelin, is unable to decide whether it is an art or a science. He desires to establish it as a science, defining it with Destutt de Tracy, as the resultant of truths which come from the examination of a given subject. He adopts the language of Rossi, that "science has no object: the moment we begin to consider the uses which can be made of it, we fall from science into art. Science is in all things only the possession of truth." And M. Coquelin adds, "To observe and describe actual phenomena, that is science; it neither counsels, nor prescribes, nor directs." Nevertheless, after having settled upon this definition, the embarrassment of M. Coquelin is great, and he avows it frankly. The very dictionary in which he wrote contains a variety of articles, and those among the most important, which do not content themselves with observing and describing, but on the contrary, counsel and prescribe; which condemn this institution or that law, and demand its repeal.

According to these articles, political economy would seem to be only an art, and not a science. M. Coquelin admits that it is, at the same time, both the one or the other; but when he tries to draw the line of demarcation, he is forced to make this singular confession of impotence: "Shall we endeavor, at present, to make a clear separation between the science and the art by bestowing on them different names? No, it is enough for us to note the distinction; time and a better understanding of the subject will do the rest."

The uncertainty and the obscurity which we find in most authors when they endeavor to define the objects of political economy, may perhaps arise from their endeavor to make it either a science of observation, like natural history, or an exact science, like mathematics, and because they have assumed to find in it fixed and immutable laws, like those which govern the physical universe. Let us endeavor to clear up these two points, inasmuch as they are fundamental; the true character of political economy will be made plainer by the discussion.

Three classes of sciences are generally recognized to exist, the exact sciences, the natural sciences, and the moral and political sciences. The exact sciences are so termed because they have to do with clearly defined abstract data, such as numbers, lines, points and geometrical figures, and by a process of reasoning arrive at conclusions which are rigorously exact and unassailable; such are the sciences of arithmetic, algebra, and geometry. The natural sciences observe and describe the phenomena of nature, and seek to discover the laws which

govern them; such are the sciences of astronomy, physics, botany, and physiology. The moral and political sciences deal with ideas, with the actions of man and the creations of his will—with institutions, laws, and religion; such are the sciences of philosophy, morality, law, and politics. In which of these categories shall we rank political economy?

Certain writers, among whom are M. Du Mesail-Marigny, in France, M. Walras, in Switzerland, and Mr. Jevons, in England, have endeavored to resolve some of the problems of political economy by putting them into algebraic formulas.* It does not seem to me that they have, in this way, thrown much light on the difficult points to which they have applied this method of demonstration. Economic phenomena are subject to a great variety of diverse and variable influences which are not capable of being represented by figures; they do not admit, therefore, of those rigorous deductions which belong to mathematics. The facts which have to be considered, the wants of mankind, the value of commodities, wealth, have in them nothing absolutely fixed, and the diversities in them depend on opinion, fashion, custom, climate, and an infinity of circumstances which it is impossible to embrace in an algebraic equation.

Political economy cannot, therefore, be ranked among the exact sciences. This has been one of the grounds of complaint against it, and it has even been denied the name of science altogether, because it is not capable of arriving at results which are mathematically exact. But it is to this, on the contrary, that it owes, in certain aspects, its superiority and its greatness. It cannot pretend to arrive at conclusions which are absolutely exact, because its speculations have to do, not with abstract and perfectly defined elements, but with the wants and with the actions of man, a free and moral being, "*ondoyant et divers*, who is obedient to motives which are alike incapable of being precisely determined, or especially of being measured by figures.

The generality of economists, either by the definition which they give to the object of their studies, or by the conception which they have of their mission, make it a science of observation and of description, or, as M. Coquelin says, "a branch of the natural history of man." This writer gives the following clearer expression of his idea: "Anatomy studies man in the physical constitution of his being; physiology in the play of his organs; natural history (according to the practice of Buffon and his successors), in his habits, his instincts, his wants, and in reference to the place which he occupies in the scale of

* M. A. Walras published in 1831 a work entitled *The Nature of Wealth and the Origin of Value*, in the eighteenth chapter of which he endeavors to demonstrate "that political economy is a mathematical science." See also Stanley Jevons' *Theory of Political Economy*, 1871. Léon Walras, *Elements of Pure Political Economy*, 1874. Cournot published in 1830 his *Researches into the Mathematical Principles of the Theory of Wealth*.

being; political economy considers him in the combination of his works. One of the most interesting studies of the naturalist is to watch the labors of the bee in its hive, to study its order, its combinations, and its progress. The economist, in so far as he cultivates the science only, does exactly the same in respect to that intelligent bee called man; he observes the order, the progress, and the combination of his labors. The two studies are of precisely the same nature."

According to this, it is obvious that political economy is not a moral science. It does not deal with a good to be realized, nor with an ideal to be attained, nor with duties to be fulfilled; it suffices for it to observe and to describe the methods by which the human animal labors for the satisfaction of his wants. Such was the impression of J. B. Say, when he placed at the beginning of his famous treatise, and as a title to that renowned work, this definition which has been ever since repeated, *Treatise on Political Economy, or a simple Explanation of the manner in which wealth is created, distributed, and consumed*. Bastiat, with that precision of language, that vivacity and brilliancy of style which often conceal the want of profundity of his ideas, insists strongly on making political economy a purely descriptive science. "Political economy," he says, "exact nothing, and indeed counsels nothing, it describes how wealth is created and distributed, in the same way that physiology describes the action of our organs." Bastiat endeavored to increase the authority of economical principles by attributing to them the objective, disinterested, impersonal character of the natural sciences. He forgot that of free trade all his writings and his active propaganda contradicted his definition.

In a very well written book, but one in which the exactness of the reasoning makes only the more apparent the error of the premises when they are false, Antoine-Elisée Cherbuliez expresses the idea of J. B. Say, of Bastiat, and of Coquelin, with still greater clearness. "Political economy," he says, "is not the science of human life, nor of social life, nor even that of the well-being of mankind. It would still exist, and would change neither its object nor its end, if riches, instead of contributing to our well-being, did not enter into it at all, provided that they continued to be produced, to circulate, and to be distributed."*

This author, in order to give to the science an absolute character, which it cannot have, enunciates an hypothesis which is clearly contradictory. He forgets that a given object is definable as wealth only because it answers to some

*See Cherbuliez, *Précis de la Science Economique*, vol. 1. M. Cherbuliez held strongly to the idea of constituting a *pure political economy* similar to pure mathematics. "Economical science," said he, "has for its object the discovery of truth, not the production of a practical result; of enlightening men, not of rendering them better or happier; and the truths which it discovers can only be theories, or conclusions based on those theories, not imperative rules, nor precepts of individual conduct, nor of administration."

one of our wants, and contributes to our well-being. To conceive of wealth which does not enter into our well-being is to admit that there is wealth which is not wealth.

The economists who ascribe to political economy the rigor of the exact sciences, or the objective character of the natural sciences, forget that it is a moral science. Now, the moral sciences do not confine themselves to discussing what is, but declare also what ought to be. A strange moralist would he be who should content himself with analyzing the passions of man, and who should neglect also to speak to him of his duties! The object of morality is precisely this, to determine what we owe to God, to our fellows, and to ourselves; what things we ought to do or to avoid doing, in order to arrive at the degree of perfection which it is given us to attain. So of political science, it is not enough to enumerate the different forms of government which exist, nor even to trace an ideal constitution for perfect men; it must also teach us what are the institutions fitted to a given people, or a given situation, and what are those most favorable to the progress of the human race. Thus, it will not only place despotism, which stifles human spontaneity, on a different footing from liberty, which develops our most noble qualities, but it ought also to declare the conditions on which free institutions can endure, and what errors and what weaknesses render a despotic government inevitable.

In like manner, the economist cannot stop with describing how riches are produced and distributed. That of itself would be a long study, and a much more difficult one than Say and his disciples seem to suspect; for it is not enough to learn what is going on in a single country, since the modes of production and distribution vary in different nations. But that is only the smallest part of the task of the true economist; he must also show how men ought to organize themselves, how they ought to produce and distribute wealth, to the end that they may be as well provided as possible with the things which constitute their well-being. Nor is this all; he must also search out the practical methods of attaining the object which he indicates. Thus he finds in a certain country inland customs duties between province and province, or *octrois* which arrest exchanges at the entrance at all cities; shall he confine himself to a mere statement of these facts, as a naturalist would do, or as Bastiat and Cherbuliez advise? Evidently not; he must point out the pernicious consequences of these institutions; he must counsel the abolition of them, and endeavor to show how it can be done. If he lives in a country which endeavors to increase its power and happiness by making itself distrusted by its neighbors, through the extent of its military armaments, he will not hesitate to point out that a people can have no interest in rendering others subservient to it, or in weakening

them ; and that a nation cannot sell its costly products to advantage, unless it has rich neighbors who are in a condition to pay for them. Have not economists themselves, M. Bastiat at their head—forgetting their definitions, devoted their whole energy to recommending, and to demanding the abolition of protective tariffs? Were they content to observe and to describe only, when they founded their system of Free Trade, and were running from meeting to meeting to secure demonstrations in its favor?

There is a fundamental difference between the natural sciences and political economy, which has not been sufficiently emphasized. The former are occupied with the phenomena of nature, irresistible forces which we can only indicate but cannot modify. The moral sciences, and political economy among them, are occupied with human facts, emanations of our free will, which we have power to modify in such a manner as to render them more conformable to the requirements of justice, of duty, and of our well-being. Observe also that the economists and the naturalists proceed by a different method. The latter observe the overthrow of cities by earthquakes, the increasing rigor of the climate of planets, and the disappearance in them of every trace of animal or vegetable life. They seek to discover the causes of these phenomena, but they make no pretense of modifying them. Economists, on the contrary, when they encounter laws, ordinances, or customs, prejudicial to the growth of human welfare, contend with them and try to accomplish their overthrow. Like the physician, who, after having made a diagnosis of the disease, points out the remedy, so the economist should first satisfy himself of the nature of the evils from which society suffers, and afterwards point out the methods by which those evils may be cured. [Roscher declared that political economy was the physiology of the social body. It is indeed that, but it is something more, it is also its therapeutics.]

What has entailed grave errors and essentially narrowed the range of economic studies, is the fundamental idea, common to Adam Smith, and to most of the philosophers of his time, that social phenomena are regulated by natural laws, which, but for the vices of institutions, would lead men to happiness. The philosophers of the eighteenth century believed in the innate goodness of man, and in a natural order. It was the fundamental dogma of their philosophy and of their politics. Sir Henry Maine has shown that this theory sprang from the Greek philosophy passing under the influence of the Roman jurists, and of the Renaissance. Rousseau is continually repeating that "everything is good which comes from the hands of nature." "Man is naturally good," says Turgot. It was upon this idea, applied to the government of societies, that Quesnay and his school founded their doctrine, which they

very properly styled *Physiocratic*, or the government of nature; that is to say, the empire restored to natural laws by the abolition of all human laws which interfere with the application of them. Adam Smith borrowed from the Physiocrates the fundamental ideas of his famous treatise on the *Wealth of Nations*, a work which he would have dedicated to Quesnay, if the death of that learned man had not prevented. He believes, with the Physiocrates, in the order of nature. "Suppress all hindrances," said he, "and a simple system of natural liberty will establish itself." Mr. Cliffe Leslie, in his excellent work on the *Political Economy of Adam Smith*, has explained how this system of unlimited freedom, which was founded on the idea then entertained of the goodness of man and the perfectness of nature, came to be established in the eighteenth century. Out of it sprang that grand movement of civilization which aspires after religious and civil liberty, and the equality of human rights, and which is ever in revolt against the tyranny of priests and kings. Perceiving that governments and bad laws impoverished nations by iniquitous taxation, enthralled labor by absurd ordinances, and ruined agriculture by crushing exactions, the philosophers of that era occupied themselves with social questions, and arrived, of necessity, at the point of demanding the abolition of all those human institutions, with a view to the attainment of that better order which they called natural right, natural liberty, the code of nature. It was under the inspiration of those ideas that the Physiocrates in France, and Adam Smith in England, traced the progress of economic reforms, and that the French revolution attempted its political ameliorations. The starting point of this profound evolution, which, for a time, led all Europe captive, people and sovereigns alike, from Naples to St. Petersburg, was an enthusiastic confidence in reason and in the sentiments of man, as well as in the order of the universe; it was the optimism of Leibnitz, descended from the clouds of philosophic abstraction, and made applicable to the organization of society. The good sense of Voltaire led him to perceive the falsity of this system, and he wrote *Candide* and *la Destruction de Lisbonne*. Rousseau, in a letter of touching eloquence, defended optimism, which is the basis of his philosophy as well as of that of his epoch, and of the French revolution. Strangely enough, it was Fourier who deduced the ultimate consequences of the physiocratic optimism of the economists. The selfishness and the vices of mankind seemed to give the lie to the system which maintains that all is well, and that with liberty everything arranges itself for the best, in the best of worlds. It had been truly said that the vices of individuals contributed to the general well-being. Adam Smith had also maintained that men, simply by pursuing their own interests, uniformly did the things most advantageous to the nation; and that the rich, for

example, in seeking merely the satisfaction of their caprices, accomplished the most favorable distribution of products, "as though they were led by an invisible hand." Notwithstanding this, men continued to say that selfishness must be resisted and vice suppressed. This was the recognition of a disturbing element; things did not then arrange themselves for the best, in virtue of absolute freedom. Fourier, whose logic was restrained neither by the absurd nor the immoral, constructed, like Plato, an ideal city, the phalanstery, where all the passions were made use of as productive forces, and the vices transformed into elements of order and stability; where, consequently, there was no longer anything to repress. This was, in truth, natural liberty, the reign of nature. Order was created out of disorder. Like M. Caussidiere, in 1848, Pierre Leroux has clearly shown that Fourier found the germ of his system in the voyages of Bougainville, which presented to the eighteenth century, in the paradise of the island of Otaheite, a picture of the happiness which the natural man enjoys when emancipated from laws and human conventionalities. Diderot echoed the enthusiasm which this piquant sketch of primitive manners evoked. It was a logical conclusion: if all is well in nature, it is the natural man who ought to be our model. Absolute *laissez faire* conducts us, at last, to the island of Tahiti.

Down to the present day, the majority of economists have remained in subjection to the ideas of physiocratic optimism, which prevailed at the birth of their science, as well in France as in England. They constantly speak of the natural order of societies and of natural laws. They invoke these only and desire to see only these prevail. Not to multiply citations, I shall borrow only a single passage from one of the most eminent and least systematic of contemporary economists, M. Hyppolite Passy. "Political economy," says M. Passy, "is the science of the laws in virtue of which wealth is created, distributed, and consumed. We have only to ascertain these laws and to apply them. The object to be attained is the greatest good of all, but the most enlightened economists do not hesitate to believe that natural laws conduce to this result and that they alone conduce to it, and that it is impossible for men to substitute their individual conceptions for Divine wisdom." This is a perfect summing up of the pure doctrine of the economists on this point. Now, it will be easy to show, that an idea embodied in it is utterly unsound, that it answers to nothing real, and is in radical opposition to Christianity and to facts.

I search for these "natural laws" which the economists are constantly talking about, and I do not find them. I understand that these words are employed where the question concerns the phenomena of the physical universe, which do, in fact, from the infinitely little which we know of them, seem to

obey immutable laws. I will admit, also, that we invoke natural laws for animals, which, live and obtain their sustenance in a similar manner, but not for man, that perfectible being, whose manners, customs, and institutions are changing ceaselessly. The laws which govern the production and especially the distribution of wealth, are very different in different countries, and in different times. Where, then, are these natural laws in force? Is it, as Rousseau, Diderot, and Bougainville supposed, in those islands of the Pacific where the spontaneous products of the soil permit men to live without labor, in the bosom of an innocent community of goods and of women? Is it in antiquity, where the slavery of the laborer procured for a chosen élite of citizens, the means of attaining to the ideal of a genuine aristocracy? Is it in the middle ages, under the reign of feudalism and of corporations, in that golden age when the papacy dominated over nations and over kings? Is it in Russia, where the land belongs to the Czar, to the nobles, and to the communes which parcel out the territory, at stated intervals, among all the inhabitants? Is it in England, where, owing to primogeniture, the soil is monopolized by a small number of families, or in France, where the laws of the revolution divide the territory among five millions of proprietors, at the risk of crumbling it into particles?

Industrial wealth was formerly produced under the domestic roof of the artisan assisted by a few companions; now it is produced in vast workshops by an army of workmen, tied to the inexorable movements of machinery propelled by steam; which of these two methods is conformable to the natural order? In a primitive state of society, the soil was the undivided property of the tribe, and this disposition of it was so general that it might, without doubt, have been recognized as a natural law. At the present time, in countries which have reached the industrial stage, individual property, which formerly did not exist except in respect of movables, is applicable also to the realty: is there, in this change, any violation of the Providential order? Under the influence of new ideas of justice and of certain economic necessities, all social institutions are modified, and it is probable that they will be modified still further. If we believe them to be still imperfect, we should not be forbidden to seek to modify them. "*Laissons faire*," cry the economists, "liberty meets all wants." Doubtless, but what shall I do? Laws do not make themselves, it is we, ourselves, who vote them; and it devolves upon the economist to show me what the laws are which ought to be enacted. He will, doubtless, say, with M. Passy, "It is not for man to substitute his individual conceptions for those of the Divine wisdom." But is, then, the civil code which to-day regulates the distribution of property in France an emanation of the Divine wisdom? Is it not rather the

product of the juridical conceptions of the men of the French revolution? When, like M. Le Play, it is sought to restore the liberty of testamentary disposition, or when it is proposed, as in the Belgian Chambers, to limit the degrees of consanguinity in the succession to intestates, is there, in these, a violation of the decrees of Divine wisdom? The economists forget that the bases of every economic regulation among civilized peoples are laws framed by legislators, which are, consequently, subject to be changed, if need be, and not pretended, immutable, natural laws to which we must submit blindly and forever.

In societate aut vis, aut lex viget, says Bacon; if you do not choose to submit to the dominion of laws, you will fall under the dominion of force. With men in a state of nature, everything belongs to the strongest. It is the duty of the State, on the contrary, to cause justice to preside over the distribution of property, in order that each person may enjoy the fruits of his own labor. Suppress all intervention of the State, and apply the absolute doctrine of *laissez faire*, and everything, as Bonnet says, is subject to be preyed upon; (*tout est en proie*.) The best-armed slays the one who is least prepared for the battle; and he either feeds upon his flesh or on the products of his labor. This is precisely what happens among animals, where, in that strife for existence, of which Darwin speaks, the best endowed species take the place of those which are less so. The Positivist economists also say, following the idea of Darwin, that every superior position is the consequence of superior aptitudes in him who has conquered it. Everything which is, is well. Every man has, everywhere, the well-being to which he is entitled, just as every country has the government which it deserves. So much the worse for the weak and the simple, room for the strong and the able! Might does not hold dominion over right, but might is the necessary attribute of right. Such is the natural law.

Those who are constantly invoking natural laws, and who repel what they call artificial organizations, forget that the government of civilized countries is the result of political and economic art, and that the natural government is that of savage tribes. Among them, in fact, the law of Darwin dominates as among the animal species: there are no ordinances, no State, no restraints, but perfect liberty in all things and for all men. Such was, indeed, the ideal of Rousseau, ever faithful to the doctrine of the code of nature. Civilization, on the contrary, consists in struggling against nature. Just in the degree that agriculture and industry attain perfection, more and more employment is given to artificial methods, invented by science, for procuring for us wherewith to satisfy our needs. Through the art of healing and of maintaining health, we wrestle with the diseases with which nature

afflicts us, and thus prolong an average of twenty years to forty.

It is by the art of government that statesmen obtain the supremacy of order and permit men to labor and to better their condition, instead of endlessly warring on each other like wolves, either for vengeance or for defense. It is to the art of making good laws that we owe the security of property and of life. It is by fighting against our passions that we succeed in accomplishing our duties. Everything is the product of art, because civilization is in everything the opposite of a state of nature. The child of nature is not that good and reasonable being dreamt of by the philosophers; he is a selfish animal, who seeks to satisfy his desires without caring for the rights of others, regardless of wrong, slaying whomsoever makes resistance to him, and it is not too much to compel him, by all the restraints of morality, of religion, and of laws, to bend to the exactness of social order. We must conquer the savage element in him, or he puts civilization itself in peril. It is, therefore, a dangerous error to suppose that we need only to disarm the State, and to liberate mankind from all restraints, that the supremacy of order may be established.

I can discover in political economy but one single natural law, namely, this, that man, in order to live, must make a living. All the rest is governed by habits, by customs, by laws which are continually changing, and which, just in proportion as justice and morality enlarge their sphere, are further and further removed from that natural order over which force and chance preside. If there is any natural law which seems to be indisputable, it is that which commands all living beings to obtain subsistence by their own efforts. Mankind has, nevertheless, succeeded in emancipating itself from that law, and, by means of slavery and serfdom, the stronger have been able to live in idleness at the expense of the weaker. No doubt, whatever happens is the result of certain necessities which may, in strictness, be denominated natural; but it is by resisting those necessities that progress and perfection are attained in human societies. From the mere fact that institutions or laws exist, it by no means follows that they are necessary, immutable, and alone conformable to the natural order.

The physiocratic optimism which has inspired political economy from its inception, and which is interwoven, at the present time, with all its speculations, is not only contradicted by facts, but is opposed to the fundamental principle of Christianity. A certain school has reproached political economy with being an immoral science, because it urges man to the pursuit of nothing but his own material advantage, and to live only for sensual gratification. Since it is the object of political economy to find out how societies

ought to be organized, in order to arrive at a condition of general well-being, it is nothing more than a revolt against asceticism, and not against Christianity, which, by no means, requires of us to give up everything; but the idea that order is established spontaneously in society, as in the universe, by virtue of natural laws, is entirely opposed to the Christian idea both of the world and of humanity. According to Christianity man is so thoroughly depraved that it requires the direct intervention of God and the constant working of His grace to keep him in the right way and to accomplish his salvation; the world itself is so much a prey to evil that Christians long ago expected, and in certain sects still expect, the *palingenesia*, "new heavens and a new earth," according to the Messianic promises. The evil that is within us, therefore, must be put under subjection by the sentiment of duty, and that which is outside of us, by laws inspired by a sentiment of justice. If we are to hold with the orthodox economists, that the better order of things arrived at results spontaneously from unlimited *laissez faire*, we must suppose man either to be good, or to be necessarily obedient to inspirations which make him act in conformity to the general good. This idea is not only the opposite of Christianity, but it is also contradicted by facts. If the human animal is let loose you have the warfare of all against all, the *bellum omnium contra omnes* of Hobbes. We find this warfare first in the caverns of the pre-historic times, the home of cannibalism, later in the forests of the barbarous age, and at the present day in the haunts of industry. Even in nature there does not prevail an order of justice which we could safely take as our exemplar; the utmost that we find in her is a rude species of equilibrium which we call the natural order. In nature, as in history, injustice often triumphs and justice is overborne. When a king-fisher has, by patience and address, succeeded in seizing its prey and is bearing it homeward to its hungry offspring, and an eagle, freebooter of the air, pounces on it, and robs it of the fruit of its labors, the same sentiment of justice is aroused in us, as when an idle master forces his bondman to maintain him on the product of his toil. If Cain, the follower of the chase and the warrior, kills Abel, the peaceful shepherd, we side with the victim against the assassin. Thus it is that we are constantly revolting against facts which take place in nature and in society. The Chinese, and those excellent women who see in every event that happens an effect of the Divine will, are optimists after the manner of the economists who believe in the empire of natural laws. Physiocratic optimism also puts its trust in the judgment of God and in the ordeals which are found among all nations, for the custom of ordeals springs out of the idea that God always causes the innocent to triumph. Job, on the contrary, protests against this immoral

doctrine, and the children of Israel, down-trodden and scattered among the nations, do not yet despair of justice, but await the hour of recompense. The facts which exist and the present organization of society are, doubtless, the necessary result of certain causes, but those causes are not natural laws, they are human facts: ideas, manners, beliefs, which may be modified, and from the modification of which other laws and other customs will be deduced.

The theory of natural laws has had two other unfortunate consequences: it has discarded all notion of an ideal to be attained, and has very considerably narrowed the conclusions of political economy. In the writings of the orthodox economists, the final object to be striven for is never mentioned, nor the reforms which justice might demand. Does distribution take place in the way most favorable to the progress of humanity and to the happiness of all? Is consumption conformable to moral laws? Is it not desirable that there should be less of hardship among the lower classes and less of luxury among the upper? Have we not economic duties to fulfill? Since the primitive era, the organization of society has been materially modified; will it not undergo still further changes, and in what direction? These are some of the questions which official political economy never touches, because they do not, it is alleged, enter into its domain. We have seen that Bastiat and Cherbuliez point out the reasons. The strict science does not concern itself with what *ought to be* but only with what *is*; it can, therefore, neither propose an ideal nor labor to attain it. It simply describes how riches are produced, distributed and consumed; and thence results the poverty of its practical conclusions. In short, if it were enough simply to proclaim liberty in order that everything should arrange itself in the best way, and that harmony might be established, the office of political economy is very nearly ended in countries which, like England, the Netherlands and Switzerland, have adopted free trade and free competition. It will, no doubt, have rendered an important service in promoting the abolition of the restraints which prevented the expansion of productive forces, and a better distribution of labor; but at the present day its functions are nearly exhausted. We are approaching the last pages of the book, and there will soon be nothing left but to close it and to lay it respectfully on the shelf.

On this point, I think, the criticisms of the Socialists of the Chair are well founded. In aiming to make political economy an exact science its domain has been too often narrowed; it cannot separate itself from politics, morality, law and religion. Since it tries to discover how men can best arrive at the satisfaction of their wants, it ought to tell us what are the forms of government, of property, of religious worship, the methods of distribution, and the moral and

religious ideas most favorable to the production of wealth. It ought to present to us the ideal to be attained, and point out the way of reaching it. To obtain liberty is most desirable, but we ought to know further what use to make of it. In civilized society, not less than in the primitive forest, if liberty is not put under the restraints and ordinances of morals and of law, it ends in the oppression of the weak and the domination of the stronger and more capable; this will speedily occur not less in the domain of economy than in that of education. The disciples of Darwin will say that this is the law of nature and of "selection." Very well; but if it has the effect of crushing me inexorably, I may, at least, be excused from giving it my blessing.

Thus, as it seems to me, has the official political economy been justly reproached with enunciating as absolute truths, propositions which, in reality, are falsified by facts, just as though in mechanics we were to formulate laws of motion without taking any account of resistances and friction.

It is these abstract and general formulas which have inspired practical statesmen like M. Thiers with a great distrust of economic axioms. Let me cite some examples of these axioms. Since the time of Ricardo it has been a dogma of the science that wages, like profits, tend to equalize themselves, because free competition speedily brings an increased supply to the point where the highest remuneration is to be obtained. Now Cliffe Leslie has shown, by statistics gathered both in England and on the Continent, that no such equality of wages really exists; but on the contrary, that the difference of compensations for the same industry, between one place and another, is greater at the present day than formerly.*

It is also an economic axiom, often quoted in the recent discussions of the double standard, that the abundance of silver is an evil, inasmuch as business is carried on just as well with a small as with a large quantity of money. And yet the daily quotations of European money markets prove that a scarcity of money causes crises, while an abundance of it lowers the rate of discount, and gives, in consequence, an impulse to production and to transactions. Free trade holds that the balance of trade is of no consequence, because products are exchanged against products, and we have only to congratulate ourselves if foreigners furnish us commodities cheaper than our own people. This would be true if all peoples composed only one nation, and if all men were capitalists. Take the case, however, of a nation which is obliged to sell its public securities and shares in private corporations abroad. Products are exchanged against prod-

* In Belgium the facts are very curious. At the moment I write these lines, near Ypres, I am paying for cutting hay a franc and a half a day; in the neighborhood of Liege, they are paying four francs. There, a day laborer earns three francs or three francs and a half; in Campine only a franc and a quarter; and yet the farm hand in Campine performs more labor.

ucts, as before, but it is henceforth the foreigner owning these securities, who enjoys the income which others labor to produce. If England were able to furnish to France all manufactured articles more cheaply than France could produce them at home, the rich consumers in France would be the gainers, but French workmen would be deprived of work, and would either disappear, or would have to go to England to pursue their occupations. It was thus that in France, after the suppression of provincial tariffs, industries abandoned the less favored localities and established themselves in places where they met with more advantageous conditions. Doubtless, if the human race were considered from a cosmopolitan point of view, and if all nations were regarded as constituting a single people, it would matter little at what points population centered or wealth was accumulated, provided only that a general progress resulted; but can we reasonably demand of any people such a disregard of its own peculiar interests and of its own particular future?

Moreover, if we consider civilization in all its bearings, and not merely the accumulation of wealth, is it not desirable that each nationality should maintain its perfect independence and its utmost power, in order that each shall contribute its own peculiar note to the grand harmony of human society?*

Such, at least, is the position which political economy has assumed in Germany since the time of List; and hence in that country the science is generally called the Science of National Economy.

It seems to me, also, that the elder economists have attempted to abridge too much the functions of the State. When one considers all the injury which bad Governments have done to the people, especially in France, one understands the desire to abridge their power and to restrict their functions; but the *laissez faire* school, in theory at least, has overstepped the line, and those countries which should absolutely follow its counsels would have reason to repent of them, for they would find themselves outstripped by others. England has come to a recognition of this truth, and although that country is a model of self government, so far from persevering in the course marked out by the economists, it is every year imposing new functions on the State, which now intervenes in industrial and agricultural contracts, with a detail and with restrictions which would be hardly admitted elsewhere.

In Prussia, everything is under control of the State: its lands, its military establishment, its agriculture, its industry, its religion, and, lastly, its education of all grades—that principal source of its power. From being once no more than

* In a work published as long ago as 1857, I made use of what is called the new method: I endeavored in it to show that the free traders defended a just cause with bad arguments, and a useful reform with indefensible axioms. See *Études historiques et critiques sur la liberté du commerce international*.

the sandy wastes of the Marquis of Brandenburg, the jest of Voltaire and Frederick II, it is now the Empire of Germany. Some years ago, a President of New Granada on assuming the Presidential chair, being imbued with pure economic doctrines, announced that "thereafter the State would confine itself to its legitimate functions, and would leave all enterprises to individual initiation." The economists applauded. After a short time the highways were impassible, the harbors were washed away, personal security was at an end, and education abandoned to the priests, or, in other words, reduced to nothing. There was a return to a state of nature—to the primeval forest. In Turkey and in Greece the State does nothing, because the public treasuries are empty; it is dangerous even to visit the spot in order to attest the benefits of the system. Let us suppose two countries, side by side, of equal power and resources, in one of which the Government carefully abstains from all intervention, and, as a consequence, individual necessities exhaust all its products; in the other, the State withholds from the consumption of individuals, which is often useless and even hurtful, the wherewithal to pay for all services affecting the public interests; it opens highways and harbors, it builds railways, constructs schoolhouses, endows liberally all scientific establishments, encourages men of learning, stimulates the higher arts as was done at Athens, and finally, by means of obligatory education and obligatory military service, takes the rising generations under its control in order to develop their bodily and mental forces.

When a half century has passed by, which of these two peoples will be the more highly civilized, the richest, the most powerful? In Belgium, the State, which, since 1833, has established the railway system, has rendered the economical existence of the country secure by the development of its industries, in spite of its separation from Holland, which deprived it of its principal seaport. It is in a similar manner that Italy is, at the present day, cementing her national unity, and that Russia is laying the foundations of her future greatness.

The State has, therefore, a double mission to fulfill. The first part of it, which no one disputes, but the full scope of which few persons understand, consists in subjecting society to the rule of order and of law; that is to say, in ordaining laws as nearly conformable to distributive justice as the advancement of social culture will permit. The second consists in providing out of the public purse, through means of taxes levied proportionately upon individuals, everything which is indispensable to progress, and for which private initiative is not sufficient.

An incontestable merit of the new economists is that they approach the study of the social question with a true senti-

ment of Christian charity, but at the same time in a strictly scientific spirit, supporting themselves throughout by historical facts, and thus escaping Utopian theories.

In order to combat the socialists, Bastiat and his entire school have maintained the theory of a natural harmony of interests, and have thus been obliged to deny the existence of any problem to be solved. It is a dangerous error. In truth, the social question dates very far back; it had its origin at the time when real property ceased to be held in common, and, as a consequence, inequalities of condition began to show themselves. This it was which disturbed the Greek republics and hastened their downfall. This it was which agitated the Roman republic in spite of the palliative of agrarian laws, again and again renewed in vain. It reappeared in the communities of the middle ages, as soon as industry had acquired some headway among them, and later when the Reformation had established religious freedom in society, and when the French revolution made proclamation of equality and fraternity; but in our day it presents so grave and general a character as to compel the attention of statesmen, of publicists, and especially of economists; for it involves the safety of civilization itself, put in peril as it is by the demands of the working classes.

Economic interests will always be found among the principal causes of the grander evolutions of history—a truth coarsely expressed by Napoleon when he said: "The seat of revolutions is the belly."

The new economists have published a considerable number of special studies on the social question in one or another of its phases, and as they pique themselves on being "realists," that is to say, on supporting their principles by statistics, they must, without doubt, contribute to the advancement of the science. In its summing up, the new doctrine is still somewhat vague both as to premises and conclusions, and when it endeavors to define the relations of political economy to morality and to law, it is less original and less new than some of its more enthusiastic followers are willing to admit. Referring only to contemporary economists, who are occupied with this subject, it will suffice to mention the writings of Dameth, Rondelet, and Boudrillart, and the well-known though badly translated (into French) work of M. Minghetti, now President of the Council in Italy. It seems to me, however, that such writers as Cliffe Leslie, Luzzati, Frederiksen, Schmoller, Held, Wagner, Contzen, and Nasse, are better equipped than the school of Bastiat, in a contest with the existing scientific socialism, which supports itself in precisely the same way, on abstract formulas and natural economic laws, in its assaults on social order and in its demand for a radical reconstruction of society. Bastiat imperilled his defence at the very outset, by placing himself

too exclusively on the ground of theory, for he was thus compelled to contradict facts and to deny doctrines which are admitted by all economists, as, for example, the classic theory of rent.

The realistic economists, on the contrary, lay hold on principles and fortify themselves by facts, in order that they may follow up Utopian theories step by step, being careful to distinguish possible reforms from those which are not possible, and the rights of the human race from the exactions of covetousness and envy. Such is the mission of safety which to-day, more than ever before, is imposed on political economy in presence of the new aspects and rapid development which socialism, especially in Germany, has recently assumed.

APPENDIX.

On the evening of the 31st of May, 1876, the Political Economy Club of London celebrated the 100th anniversary of the publication of Adam Smith's *Wealth of Nations*. Mr. Gladstone presided on the occasion, and speeches were made by Mr. Lowe, M. Léon Say, the French Minister of Finance, M. Émile de Laveleye, of Belgium, Professor J. E. Thorold Rogers, Mr. Newmarch, Mr. Gladstone, Mr. Forster, and Mr. Leonard Courtney. Professor de Laveleye addressed the meeting in French. The following is a translation of his remarks, as reported by the *London Times*, in its issue of June 5, 1876 :

"I should hardly venture to address so distinguished an assembly, in presence of the illustrious statesman who is presiding over it, and of another statesman who worthily bears the name of the great French economist, Jean-Baptiste Say (who might with propriety be called the Adam Smith of the Continent), did I not desire, in the name of my country—Belgium—to do honor to the eminent Scottish economist, whose doctrines of free trade have been adopted by my countrymen, to the great benefit of the Belgian people. In no other country, not even, I believe, in England, have those benefits been more highly appreciated; for the Chambers of Commerce of Belgium have come to demand not only the abandonment of every species of protection, but the complete abolition of customs duties.

"The reason why we ought to consider Adam Smith as one of the great benefactors of the human race, is not merely because he studied into the 'causes of the wealth of nations,' and pointed out the methods of increasing production, but because he demonstrated that the interests of nations are closely bound together, and has thus given us a rational basis of human brotherhood, the sublime conception of which Christianity first introduced into the world.

"In the last century, the most enlightened men, such for example as Voltaire, were of opinion that the greatness of one's own country could not be promoted without at the same time desiring to enfeeble other nations, and this pernicious error is still unfortunately widely prevalent.

"Economists, on the contrary, have proved that each State is interested that every other State should prosper, in order to furnish as wide a market as possible for its own productions, an idea happily expressed by a French poet in these verses :



Aimer, aimer c'est être utile à soi,
Se faire aimer, c'est être utile aux autres.

"In my estimation, the first part of the programme of the political economist, that which concerns the production of wealth, may be considered as almost exhausted. When we observe the prodigious accumulation of wealth which is to be everywhere met with in England; when we note the stupendous figures of its foreign commerce, and of its domestic exchanges; the 130 or 140 milliards of francs (\$ 26,000,000,000 to \$ 28,000,000,000) covered by the operation of its Clearing House; when we reflect on the other hand, that France has been able to pay a war indemnity of five or six milliards, besides spending at least three or four milliards more in a formidable struggle, and, notwithstanding, finds itself to-day as prosperous as ever, with a metallic reserve in the Bank of France of two milliards, an accumulation of the precious metals wholly without precedent, we are led to believe that, owing to the marvelous progress of the sciences and arts, mankind are able, at the present day, to produce all that is needful to satisfy their rational wants. What is now needed is to enter upon the second part of the economic programme, that which concerns [the distribution of wealth]. The object to be attained, as I think all the world will now admit, is to ameliorate the condition of the laboring classes in such a manner that each person may enjoy a measure of well-being proportioned to the part which he has taken in production, or, to sum the matter up in a single word, [to realize in the economic world that formula of justice *to each according to his works.*]

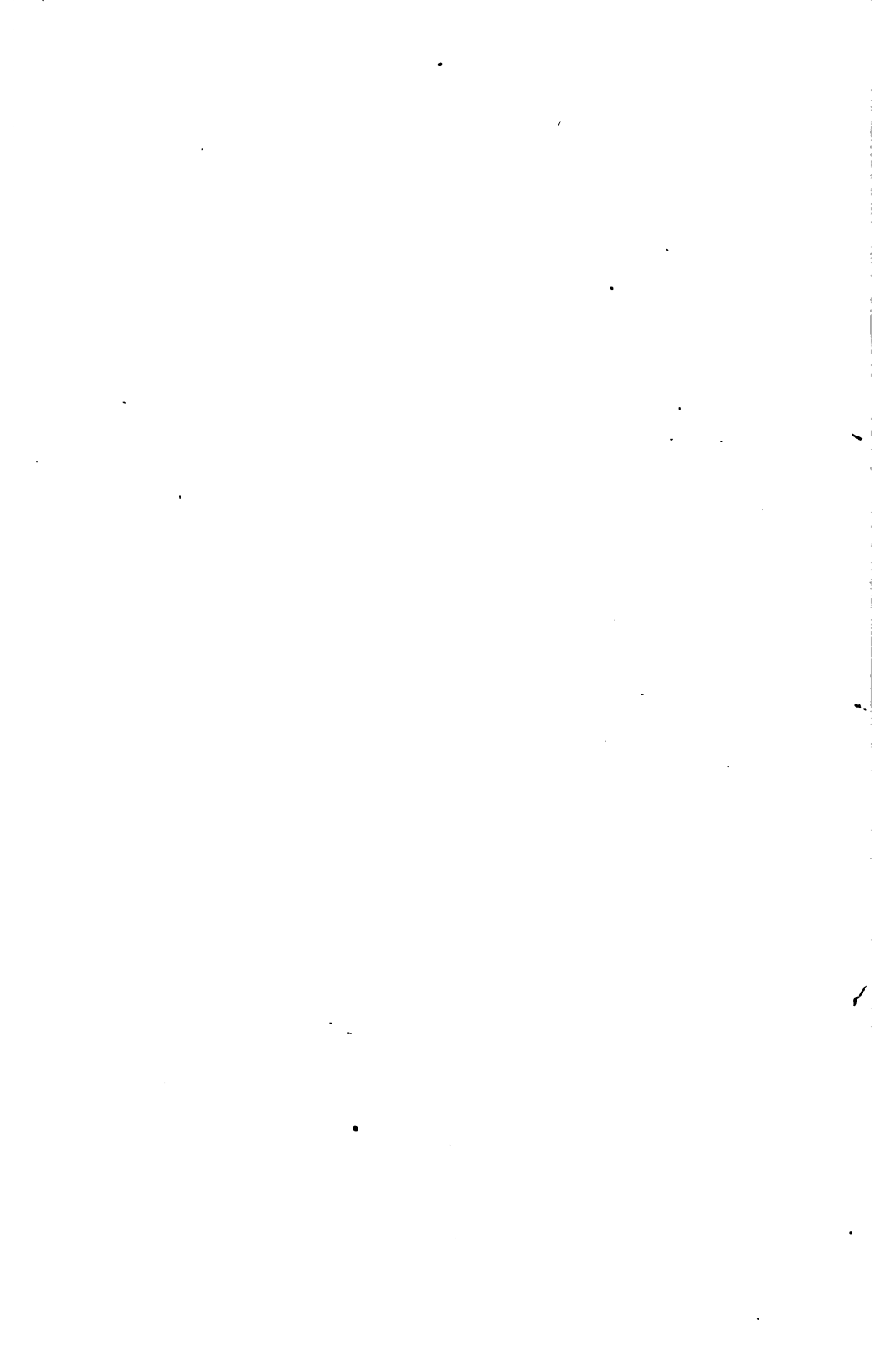
✓ ["But it is chiefly upon this point that there has lately arisen a division in the ranks of the economists. On the one hand, the elder school, which, for want of a better term, I shall denominate the orthodox school, holds that every thing is governed by natural laws. The other school, which its adversaries have styled the Socialists of the Chair—*Kathedersocialisten*—but which should more properly be called the historical school, or, as the Germans say, the school of the *realists*, maintains that distribution is regulated, in part, no doubt, by free contract, but still more by civil and political institutions, by religious beliefs, by moral sentiments, by customs, and by historical traditions.]

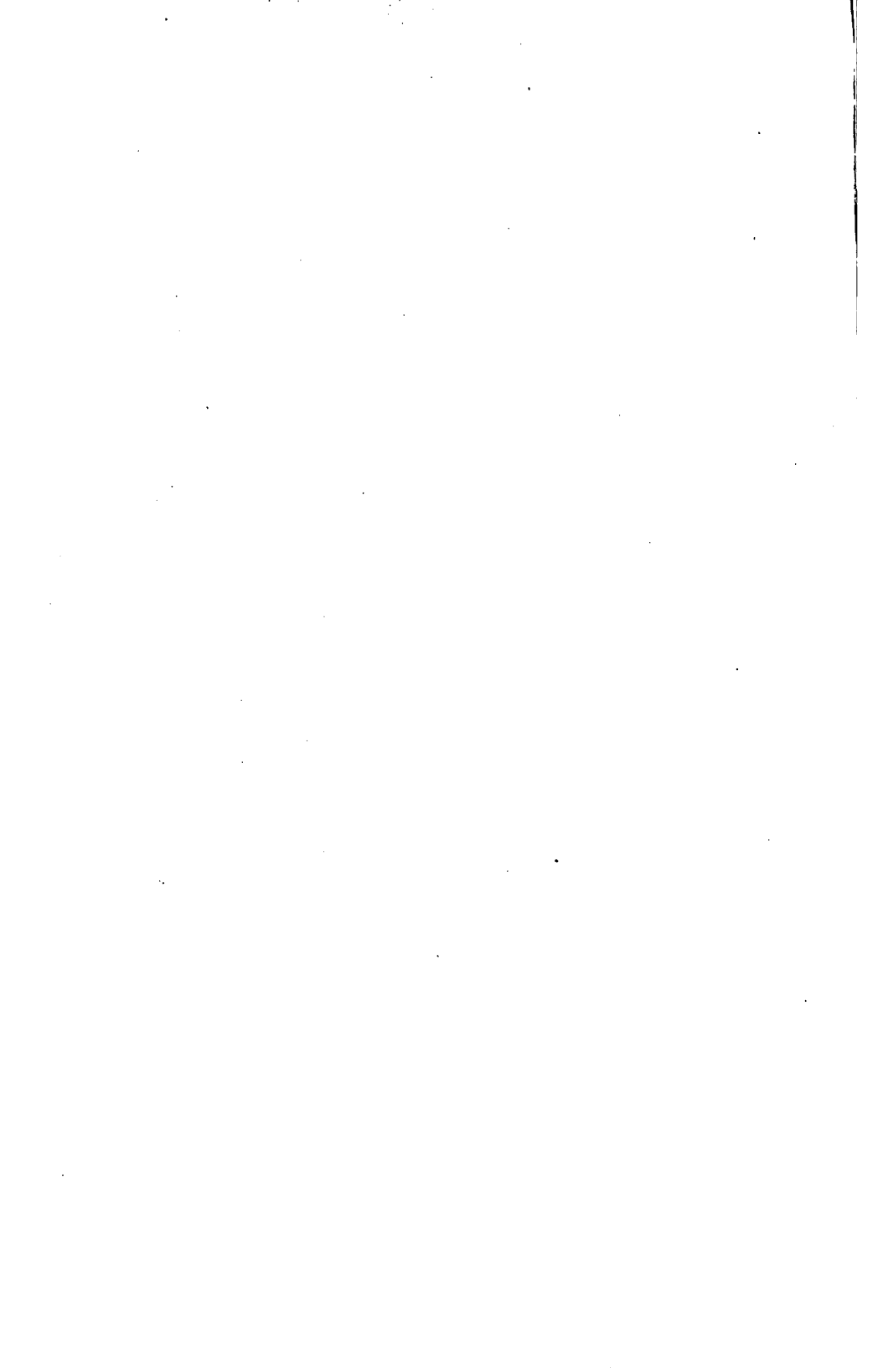
"You will observe that there is opened here an immense field of study which comprehends the relations of political economy with morality, with the idea of justice, with law, with religion, with history, and which allies it to the whole circle of the social sciences. Such, in my humble opinion, is the present mission of political economy. This is the view of it which has been held by nearly all the German economists, many of whom have attained a European celebrity, such as Rau, Roscher, Knies, Nasse, Schafler, and Schmoller; in Italy

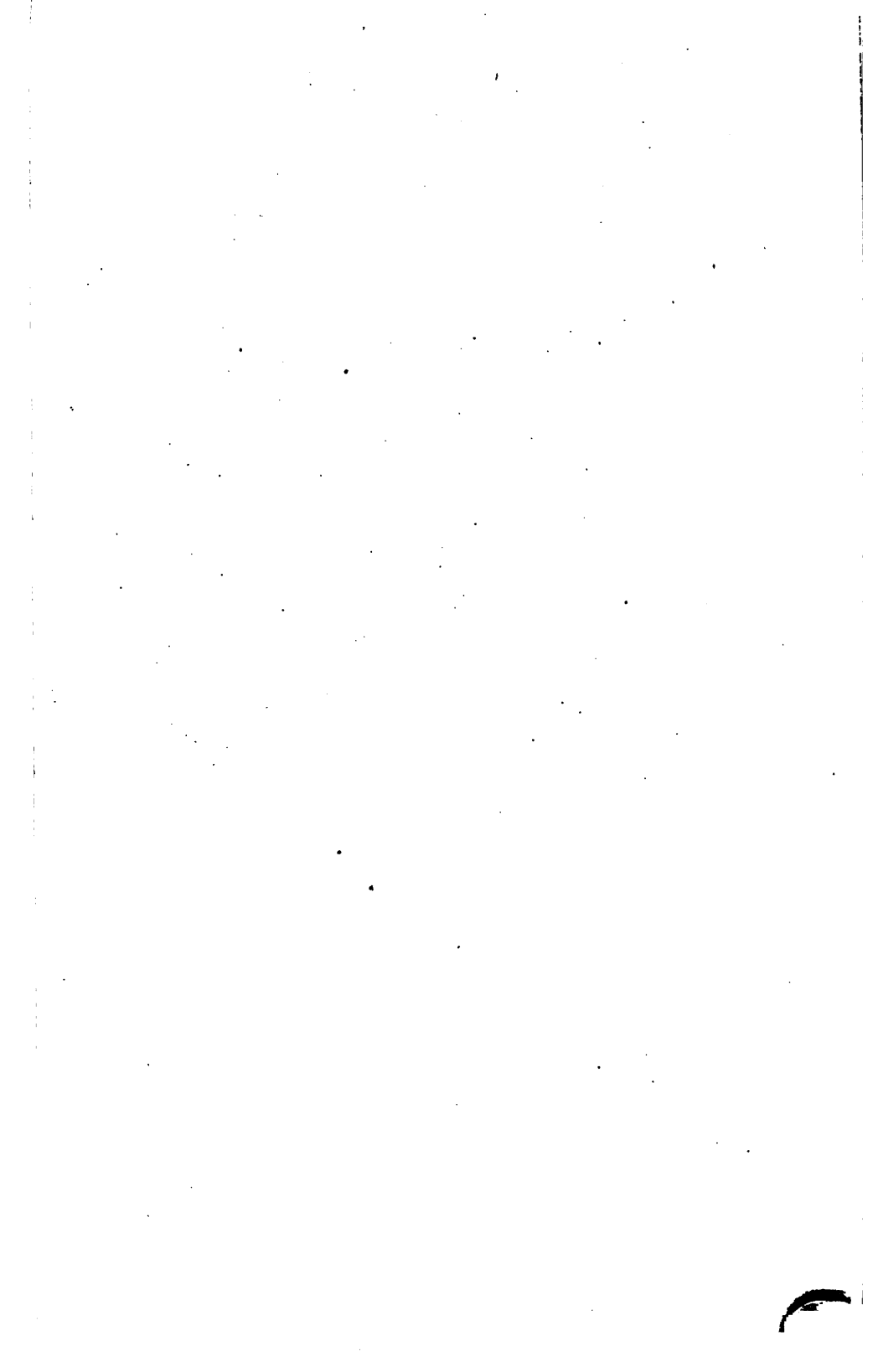
there is also a group of kindred writers already well known, such as Minghetti, Luzzati, and Forti ; in France, there are Wolowski, Lavergne, Passy, Courcelle-Seneuil, Leroy-Beaulieu ; and in England are those who I have need here neither to mention nor to praise, because they are better known to you than to me.

[I will advert, in closing, to the remarkable fact that the two schools equally invoke the authority of Adam Smith, and with reason, as it seems to me, since his remarkable work is such a perfect example, and one so fraught with useful consequences, of the alliance between the two scientific methods, the deductive method and the inductive method, that one is, in a certain sense, almost tempted to subscribe to the recent assertion of an American economist, that after Shakespeare, it is Adam Smith who has done the greatest honor to England."] ✓









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